

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 530 - SB 1315

February 13, 2023

SUMMARY OF BILL: Requires the Division of TennCare to reimburse air-based ambulance services that provide a covered service to a TennCare recipient at a rate not less than 67.5 percent of the federal Medicare program's allowable charge for participating providers.

FISCAL IMPACT:

Increase State Expenditures - \$1,042,400/FY23-24 and Subsequent Years

Increase Federal Expenditures - \$1,977,600/FY23-24 and Subsequent Years

Assumptions:

- Pursuant to Tenn. Code Ann. § 71-5-165(a), the division is required to reimburse ground-based ambulance services at a rate not less than 67.5 percent.
- The proposed legislation would require air-based ambulance services to be reimbursed at the same level as ground-based ambulance services.
- According to information provided by the division, managed care organizations currently reimburse air-based ambulance service providers at varying rates below, at, or above the Medicare rate. The proposed legislation would require any rates currently below 67.5 percent to be raised.
- Based on information provided by the division, the increase in expenditures to raise reimbursement rates is estimated to be \$3,020,000, based on the current Medicare rate.
- Medicaid expenditures receive matching funds at a rate of 65.485 percent federal funds to 34.515 percent state funds. For FY23-24 and subsequent years, \$1,042,353 ($\$3,020,000 \times 34.515\%$) will be in state funds and \$1,977,647 ($\$3,020,000 \times 65.485\%$) will be in federal funds.

IMPACT TO COMMERCE:

Increase Business Revenue – \$3,020,000/FY23-24 and Subsequent Years

Assumptions:

- Air-based ambulance service providers will experience a recurring increase in business revenue of \$3,020,000 in FY23-24 and subsequent years.

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- The proposed legislation will not increase the number of air-based ambulance service providers; therefore, any impact to jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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